ONTARIO CAPITAL GROWTH CORPORATION

2014-2015 ANNUAL REPORT

Ontario

Ontario Capital Growth Corporation

www.ontario.ca/ocgc

The Ontario Capital Growth Corporation (OCGC) was established by the *Ontario Capital Growth Corporation Act, 2008* and launched on February 27, 2009. The principal business of OCGC is to manage the limited partnership interests of the Province of Ontario (the Province) in the Ontario Venture Capital Fund LP (OVCF) and the Northleaf Venture Catalyst Fund LP (NVCF) and to manage and operate the Ontario Emerging Technologies Fund (OETF). OCGC is an operational enterprise agency of the Ministry of Research and Innovation (the Ministry).

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ABOUT THE ONTARIO CAPITAL GROWTH CORPORATION

The Ontario Capital Growth Corporation (OCGC) was established by the *Ontario Capital Growth Corporation Act, 2008* and launched on February 27, 2009. The principal business of OCGC is to manage the limited partnership interests of the Province of Ontario (the Province) in the Ontario Venture Capital Fund LP (OVCF) and the Northleaf Venture Catalyst Fund LP (NVCF) and to manage and operate the Ontario Emerging Technologies Fund (OETF). OCGC is an operational enterprise agency of the Ministry of Research and Innovation (the Ministry).

The $205 million OVCF is a limited partnership between the Province and leading institutional investors. OVCF was established to invest primarily in Ontario-based/focused venture capital and growth equity funds that support innovative, high potential companies. The Province has committed $90 million, with the balance coming from its partner institutions.

NVCF is a limited partnership between the Province, the Government of Canada (the Federal Government) and key private sector investors and major Canadian banks. NVCF invests primarily in Canadian venture capital and growth equity funds and makes direct co-investments in innovative Canadian companies. As of March 31, 2015, NVCF has successfully raised $233.5 million and is actively working to secure a fully subscribed final close totalling $300 million[1].

OVCF and NVCF are structured as fund-of-funds, with the ability to also make direct co-investments into innovative, high-potential companies. Both funds are managed by Northleaf Capital Partners. The funds were designed to focus on generating superior returns to lead investors as a means of gaining increased investment by institutional investors into the asset class, as well as fostering the development of best-in-class fund managers. OVCF and NVCF seek to attract the attention of the global investment community and, through their performance, provide the confidence to invest in the world class emerging funds and technologies being developed in Ontario. These fund-of-funds were designed to ultimately support continued innovation within the province, to enhance long-term investment returns of venture capital as an asset class, and to contribute to the creation of a globally competitive/self-sustaining venture capital industry in Ontario.

[1] Ontario and the Government of Canada have committed to make a combined capital commitment of $1 for every $2 committed by private sector investors to the fund, up to a maximum of $50 million each.

Through the OETF, OCGC makes direct investments alongside qualified co-investors in early stage, emerging technology companies in three designated sectors: clean technologies; life sciences and advanced health technologies; and digital media and information and communication technologies. It is a discretionary, non-entitlement investment fund making equity and quasi-equity investments directly into Ontario-based companies. Any net capital profits returned to it from its investments are to be reinvested. As directed in May 2012 by the Ministry, OETF no longer invests in new companies and only makes follow-on investments into its existing portfolio of companies, as warranted.

OCGC's mandate also allows for investments in additional venture capital funds that are managed by a private sector fund manager and that have a goal to promote the creation of a globally competitive venture capital industry in Ontario and Canada.

MESSAGE FROM THE CHAIR AND PRESIDENT/ CHIEF EXECUTIVE OFFICER

We are pleased to present the 2014-15 Annual Report of the Ontario Capital Growth Corporation (OCGC). This report highlights OCGC's progress during the fiscal year which ended on March 31, 2015.

OCGC is focused on continuing its important role in developing a long term, sustainable venture capital industry in Ontario which will in turn strengthen the economy and create Ontario-based employment opportunities. OCGC provides access to capital that will enable Ontario technology companies to achieve the scale necessary to realize their full economic potential and compete in global markets.

The Ontario Venture Capital Fund (OVCF) helped establish nine Ontario-based/focused venture capital funds, providing important lead orders to those funds to raise additional capital available to Ontario companies. OVCF has also made seven direct investments in a number of successful Ontario companies, including Shopify Inc. Through OVCF, over $1 billion has been made available to Ontario-based/ focused companies. More importantly, we have attracted the confidence of our institutional partners back into early stage investing with our market based approach.

Through the Ontario Emerging Technologies Fund (OETF), OCGC invests alongside qualified co-investors in emerging technology companies in three designated sectors, thereby providing access to risk capital for these firms. As directed in May 2012, OETF no longer invests in new companies and only makes follow-on investments into its existing portfolio companies, as warranted. To date, OETF has committed investments totalling approximately $88 million to 27 Ontario-based companies and levered an additional $222 million in third party investments.

In January 2014, the Northleaf Venture Catalyst Fund (NVCF) was the first fund of-funds to launch under the Federal Venture Capital Action Plan program and builds on the successful OVCF model that has gained the confidence of our investment partners. As of March 31, 2015, NVCF (1) has successfully raised $233.5 million and is actively working to secure a fully subscribed final close totalling $300 million; and (2) has committed $150.5 million to venture capital funds and companies with a Canada/Ontario presence. NVCF is reinforcing the Province's position as a North American leader in venture capital by attracting investments to Ontario and helping businesses compete globally.

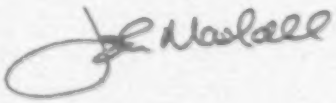
Access to capital plays a critical role in accelerating the growth of innovative startups and entrepreneurial firms into medium and large companies. Overall, our government-sponsored venture capital funds are demonstrating that the policy of holding an equity stake alongside private sector institutional investors is working effectively. With portfolio diversification across a sizable number of funds/companies to mitigate financial risks, the Province has a market-focused means to help develop high-potential companies and to better capture the associated economic benefits over the long term.

In 2015-16, OCGC will continue to manage the OETF investment portfolio and the Province's partnership interests in OVCF and NVCF in an efficient and cost-effective manner. We will also continue to support the development of Ontario's venture capital ecosystem and provide advice and support on the Province's venture capital policies.

We would like to acknowledge the departure of Tony Vander Voet from the Board of Directors. Mr. Vander Voet has been a valued Board member since OCGC was established. We are indebted to his commitment and many contributions to OCGC's success.

We would also like to thank the OCGC staff for their hard work, and the members of the Board of Directors for their advice and oversight during the fiscal year. We look forward to working with both staff and the Board in 2015-16.

Jeff Kehoe
Chair



John Marshall
President and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

ONTARIO VENTURE CAPITAL MARKET IN 2014[2]

Venture investing in Ontario experienced a sizable upswing in 2014. In total, $928 million was invested across 178 deals and into 143 companies, marking a modest year-over-year increase in total deals but a substantial $240 million in additional capital invested. 2014 capped five years of positive market traction following the financial crisis (2008-09) and evidence of a return to the more stable investment markets of 2003-2006[3].

Viewed by sector, venture investment in Ontario continued to be dominated by ICT[4] companies, capturing 71% of venture dollars invested. Life sciences start-ups secured capital roughly on par with recent years at approximately 19%, while clean technology companies secured a slightly less than average share of invested capital at 5%[5].

Access to capital is vital to supporting a sustained, prosperous venture capital ecosystem. Fundraising in Ontario remains inconsistent year-over-year with numerous factors accounting for the fluctuations between higher and lower years. In 2014, six venture capital funds were launched or held significant closings in Ontario totaling $255 million; three of these funds are successor funds to those originally capitalized with investment from the OVCF. While a consistent and steady supply of local capital greatly contributes to a stable venture capital ecosystem, it is important to also note that Ontario receives a significant amount of its capital investment from firms located outside of the province. In 2014, approximately two thirds of known[6] invested capital originated out of province.

Government intervention through OVCF and OETF played a key role in supporting the market at the height of the financial crisis (2008-09) and filled a gap as the market regained traction and moved towards stabilization. Though 2014's near record investment numbers point to a renewed and vibrant market, the Province is continuing to act as a catalyst to help further develop Ontario's venture capital ecosystem through the launch of NVCF. As of March 31, 2015, OVCF and NVCF have made a combined total of 14 fund commitments to Ontario-based/Ontario-focused funds totaling over $275 million.

The impact of OCGC's venture capital funds can be found in greater detail in the following Operations and Results Achieved section below.

[2] All statistics, figures and data refer to calendar year and are sourced from Thomson Reuters unless otherwise noted
[3] When comparing average investment and deal sizes across 2003-2006 and 2012-2014
[4] Information, and Communication Technologies
[5] The approximate remaining percentage of 4% falls into additional non-high technology sectors as defined by Thomson Reuters
[6] According to Thomson Reuters, $226 million of capital investment is attributed to unknown sources in 2014

OPERATIONS AND RESULTS ACHIEVED

Ontario Venture Capital Fund

OVCF completed its investment program in 2014 and is fully committed. In accordance with the OVCF portfolio guidelines, OVCF has made a total of 11 fund commitments to qualified venture capital funds. Of the 11 fund commitments, nine commitments were made to Ontario-based/focused funds totalling approximately $164 million and two commitments were made to other non-Ontario based/focused funds totalling $3.4 million. OVCF has also made seven direct co-investments in Ontario-based companies.

Through its investment lifecycle, capital committed by OVCF, together with third party capital, has collectively provided over $1 billion for Ontario-based/focused funds and companies.

OVCF's portfolio includes the following Ontario-based/focused funds:

Celtic House

Extreme Venture Partners

Georgian Partners

golden

lumiracapital

relayventures

rho Canada Ventures

XPV

OVCF's portfolio includes direct co-investments in the following Ontario-based companies:

Achievers

BLUECAT

newterra

polar

shopify

SPECTRA

teambuy.ca

Ontario Emerging Technologies Fund

In fiscal 2014–15, OCGC approved nine follow-on co-investments into portfolio companies of the Ontario Emerging Technologies Fund (OETF), representing new capital commitments from OCGC of approximately $8.1 million. During the same period, $10.8 million in follow-on investment was flowed to OETF portfolio companies.

As directed in May 2012 by the Ministry, OETF no longer invests in new companies and only makes follow-on investments into its existing portfolio of companies, as warranted.

As of March 31, 2015, OETF's investment portfolio included the following companies:

AVASI

beringmedia

ecobee

ENERGATE

FileTrek

IGLOO

INTERACTIVE

legitmix

MOREDIA

Natrix

PERASO

shoplogix

Sidense
The Future of Logic NVM™

smart energy instruments

STICKER YOU .COM

TELOIP

verold

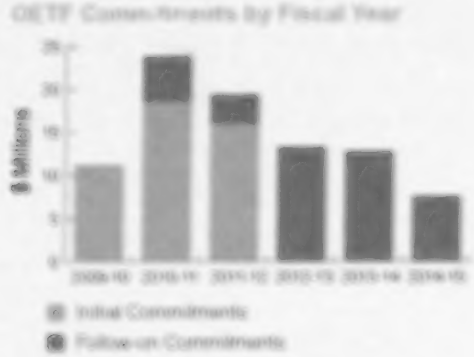
VUBE

WOODLAND BIOFUELS INC.

agenic

Since inception to March 31, 2015, OCGC has conditionally approved 71 co-investments, comprised of 27 initial and 44 follow-on investments. OCGC's total capital commitment of approximately $88 million has leveraged over 2.5 dollars in additional third-party capital for every dollar invested.

52% of OETF's capital commitments have been towards initial investments and the remaining 48% committed to follow-on investments.



The majority of OETF capital commitments have been made to companies in the digital media and information and communication technologies (ICT) sector, which is consistent with the overall venture capital market in Ontario and Canada.

Early/seed-stage companies[1] represent the majority of OETF capital commitments at a ratio of approximately 2:1.

[1] Stage classification is based on each company's identified stage at time of initial commitment.

OETF Committed Co-investments by Location
(% of Total $ Committed)

73% Greater Toronto Area
15% Kitchener-Waterloo
12% Ottawa

Consistent with the overall Ontario venture capital industry[1], the majority of OETF capital commitments have been made to companies based in the Greater Toronto Area.

OETF Leverage by Investor Type
(% of Total Flowed $ Leveraged)

Figure 1

49% Private Independent
13% Retail
7% Corporate
5% Angel Syndicate
5% Other
5% Government
16% Foreign

OETF Leverage by Investor Location
(% of Total Flowed $ Leveraged)

Figure 2

49.3% Domestic - Ontario
20.5% Domestic - Rest of Canada
18.3% Foreign - United States
1.1% Foreign - Europe
3.3% Foreign - Asia/Pacific
0.4% Foreign - Middle East

Through OETF, OCGC has attracted a diverse group of investors (See Figure 1) from various locations to co-invest alongside OCGC into Ontario companies. As of March 31, 2015, more than half of all dollars leveraged originated from outside of Ontario (See Figure 2).

As outlined and detailed in the audited financial statements and notes, OCGC has recognized impairments and realized gains on venture capital investments in fiscal 2014-15. OCGC is expected to experience both investment gains and losses, which is typical for funds targeting early stage technology companies. Current fair market valuations indicate the OETF investment portfolio to be at approximately par value.

[1] Based on Ontario investment data sourced from Thomson Reuters

Northleaf Venture Catalyst Fund

In January 2014, NVCF was the first fund-of-funds to launch under the federal Venture Capital Action Plan (VCAP) program, in partnership with the Federal Government (through the Business Development Bank of Canada) and private sector investors, including the Canada Pension Plan Investment Board, OpenText Corp., Manulife Financial and major Canadian banks (BMO Financial Group, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada, Scotiabank, and TD Bank Financial Group). The lead investors selected Northleaf Capital Partners (Northleaf) as the fund manager. Northleaf, also acting as the general partner, is responsible for making all investment decisions. To date, NVCF has successfully raised $233.5 million and is actively working to secure a final close at the targeted $300 million total capitalization. OICSC administers the Province's partnership interest in NVCF.

As of March 31, 2015, NVCF has invested in the following Canada-based/focused fund managers:

versionone

XPV

golden

Georgian Partners

relay ventures

NVCF has also made direct co-investments into the following Canada-based companies:

silanis

VISIONCRITICAL

wattpad

FreshBooks cloud accounting

esentire

Ontario Venture Capital Ecosystem Activities

OECGC supports the development of Ontario's venture capital ecosystem by:

- Participating in venture capital initiatives to raise awareness of OECGC's mandate and potential investment opportunities in Ontario, as well as to gather further market intelligence to support venture capital public policies and gather data on opportunities generated;
- Working with the Ministry on venture capital public policies to support Ontario's efforts to strengthen the venture capital ecosystem in Ontario; and,
- Seeking to enhance the venture capital community's awareness of the full range of other government initiatives that complement the OECGC's mandate.

OECGC was able to attract more than half of its levered capital from outside of Ontario through its marketing efforts of OETF portfolio companies to U.S. funds, other Canadian investors and corporate investors. These outreach activities also resulted in OECGC attracting a number of investors interested in the Ontario venture capital market, including multinational companies with venture capital arms, foreign-based venture capital/private equity investors, and pension funds.

FINANCIAL STATEMENTS

March 31, 2015 and 2014

June 22, 2015

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Ontario Capital Growth Corporation (OCGC) have been prepared in accordance with Canadian public sector accounting standards and are the responsibility of Management. The preparation of financial statements necessarily involves the use of estimates based on Management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to June 22, 2015.

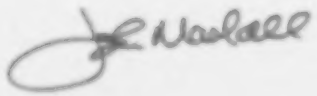
Management maintains a system of internal controls designed to provide a reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provide for appropriate delegation of authority and segregation of responsibilities. The Ontario Internal Audit Division of the Ministry of Finance has the ability to independently evaluate the effectiveness of these internal controls on an ongoing basis and, as applicable, report its findings to Management and the Audit and Risk Committee of the Board of Directors.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting

and internal controls. The Audit and Risk Committee assists the Board of Directors in carrying out these responsibilities. It meets periodically with Management, internal auditors and the external auditor, as applicable, to deal with issues raised by them and to review the financial statements before recommending approval by the Board of Directors.

The financial statements have been audited by an independent auditor, PricewaterhouseCoopers LLP. The auditor's responsibility is to express an opinion on whether OCGC's financial statements fairly represent OCGC's financial position in accordance with Canadian public sector accounting standards. The auditor's report, which appears on the following page, outlines the scope of the auditor's examination and its opinion.

On behalf of Management:



John Marshall
President and Chief Executive Officer

pwc

June 22, 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Ontario Capital Growth Corporation

We have audited the accompanying financial statements of Ontario Capital Growth Corporation, which comprise the statements of financial position as at March 31, 2015 and 2014 and the statements of operations and changes in accumulated operating surplus, remeasurement gains and losses, changes in net assets, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Capital Growth Corporation as at March 31, 2015 and 2014, and the results of its operations and changes in accumulated operating surplus, its remeasurement gains and losses, changes in its net assets and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

PricewaterhouseCoopers LLP

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Statements of Financial Position

As at March 31, 2015 and 2014

	2015 $	2014 $
ASSETS		
Cash and cash equivalents	**4,242,043**	8,253,639
Marketable securities (note 5)	**92,636,653**	113,187,167
Accounts receivable (note 4)	**10,015,077**	3,145,833
Ontario Venture Capital Fund LP (OVCF) (note 6)	**55,046,432**	43,772,166
Ontario Emerging Technologies Fund (OETF) (notes 7 and 10)	**63,488,462**	59,076,002
Northleaf Venture Catalyst Fund LP (NVCF) (note 8)	**17,739,398**	2,632,720
	243,168,065	230,067,527
LIABILITIES		
Accounts payable (note 13)	**281,327**	312,500
NET ASSETS	**242,866,738**	229,755,027
Accumulated surplus	**242,866,738**	229,755,027
Accumulated surplus comprises		
Accumulated operating surplus	**241,419,846**	228,744,433
Accumulated remeasurement gains	**1,466,892**	1,010,594
	242,886,738	229,755,027

Approved by the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements.

Statements of Operations and Changes in Accumulated Operating Surplus

For the years ended March 31, 2015 and 2014

	2015 $	2014 $
REVENUES		
Funding and transfer payments from the Province of Ontario		
OETF (note 7)	**8,000,000**	14,996,703
NVCF (note 8)	**-**	50,000,000
Life Sciences Seed Venture Capital Fund (LSSVCF) (notes 4 and 14)	**10,000,000**	-
Interest income	**1,346,307**	1,075,089
Investment income in funds (note 11)	**79,522**	1,182
Net realized gains on sale of investment in funds	**566,476**	13,003,704
Foreign currency exchange gain	**72,197**	13,321
	20,064,502	79,089,999
EXPENDITURES		
Reimbursements to MRI (note 13)	**820,548**	1,035,319
Cash management fees (note 9)	**37,986**	32,608
Professional services fees (note 9)	**357,641**	562,782
Board and committee member fees	**12,008**	10,100
Impairment of OETF investments (note 12)	**6,160,906**	2,652,198
	7,389,089	4,293,007
OPERATING SURPLUS	**12,675,413**	74,796,992
ACCUMULATED OPERATING SURPLUS - BEGINNING OF YEAR	**228,744,433**	153,947,441
ACCUMULATED OPERATING SURPLUS - END OF YEAR	**241,419,846**	228,744,433

The accompanying notes are an integral part of these financial statements.

Statements of Remeasurement Gains and Losses

For the years ended March 31, 2015 and 2014

	2015 $	2014 $
ACCUMULATED REMEASUREMENT GAINS - BEGINNING OF YEAR	**1,010,594**	171,143
Unrealized gains (losses) attributable to		
Foreign exchange	**693,452**	462,182
Marketable securities	**(146,559)**	404,201
Amounts reclassified to the statement of operations		
Disposition of OETF investment	**(90,595)**	(26,932)
	456,298	839,451
ACCUMULATED REMEASUREMENT GAINS - END OF YEAR	**1,466,892**	1,010,594

Statements of Changes in Net Assets

For the years ended March 31, 2015 and 2014

	2015 $	2014 $
NET ASSETS - BEGINNING OF YEAR	**229,755,027**	154,118,584
Operating surplus	**12,675,413**	74,796,992
Net remeasurement gains	**456,298**	839,451
Increase in net assets	**13,131,711**	75,636,443
NET ASSETS - END OF YEAR	**242,886,738**	229,755,027

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

For the years ended March 31, 2015 and 2014

	2015 $	2014 $
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Increase in net assets	**13,131,711**	75,636,443
Unrealized losses (gains) attributable to marketable securities	**146,559**	(404,201)
Impairment of OETF investments	**6,160,906**	2,652,198
Realized gains on sale of investment in funds	**(519,657)**	(12,412,364)
Changes in non-cash operating balances		
Increase in accounts receivable	**(7,250,405)**	(601,648)
(Decrease) increase in accounts payable	**(31,173)**	111,125
	11,637,941	64,981,553
Purchase of marketable securities	**(130,692,947)**	(151,321,669)
Sale of marketable securities	**151,478,063**	77,532,183
Purchase of investments in OVCF	**(11,321,558)**	(19,387,189)
Return of capital from OVCF	**47,292**	32,089,696
Purchase of investments in NVCF	**(15,106,678)**	(2,632,720)
Purchase of investments in OETF	**(11,514,032)**	(11,436,315)
Sale of investments in OETF	**1,460,323**	14,867,144
	(15,649,537)	(60,288,870)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**(4,011,596)**	4,692,683
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	**8,253,639**	3,560,956
CASH AND CASH EQUIVALENTS - END OF YEAR	**4,242,043**	8,253,639

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

March 31, 2015 and 2014

1. DESCRIPTION OF BUSINESS

The Ontario Capital Growth Corporation (OCGC or the Corporation) is a corporation without share capital, established under the Ontario Capital Growth Corporation Act, 2008 (the Act), which was proclaimed in force as at February 1, 2009 as an agency of the Ministry of Research and Innovation (MRI). As at March 31, 2015, OCGC is responsible to the Minister of Research and Innovation (the Minister).

The legislative authority of the Corporation is set out in the Act. Under Section 4 of the Act, the objects of the Corporation are:

a) to receive, hold, administer and otherwise deal with the interest of the Government of Ontario in the limited partnership known as the Ontario Venture Capital Fund LP;

b) to receive, hold and deal with property, whether real or personal, in connection with the objects described in Section 4(a); and

c) to carry out the other objects that are prescribed by regulations.

In July 2009, additional objects were prescribed by Ontario Regulation 278/09 made under the Act:

a) to acquire, manage and otherwise deal with a portfolio of investments in businesses that the Corporation considers constitute emerging technologies businesses, which portfolio is known in English as the Ontario Emerging Technologies Fund and in French as fonds ontarian de développement des technologies émergentes; and

b) to receive, hold, invest, sell or otherwise deal with property, whether real or personal, in connection with the objectives described in clause 1(a).

In May 2013, additional objects were prescribed by Ontario Regulation 149/13 made under the Act to participate in the formation of one or more funds, to acquire interests in the funds, and to hold, administer and otherwise deal with those interests, where each fund meets the following criteria:

a) It receives funding directly or indirectly from, among others, one or more of the following:

   i) the Government of Canada;

   ii) the Corporation; and

   iii) private sector entities.

b) Its goals include promoting the creation of a globally competitive venture capital industry, increasing the supply and effective deployment of early-stage investment capital and increasing the supply of top performing fund managers to manage venture capital investments in Ontario and Canada.

c) It invests in one or both of the following:

   i) other funds that supply venture capital to companies; and

   ii) innovative companies that require venture capital.

d) It is managed by a private sector fund manager.

In January 2014, as part of a Government of Ontario $50 million commitment to establish a new Ontario venture capital fund, the Corporation made an initial commitment of $36.25 million to the Northleaf Venture Catalyst Fund LP alongside the federal government and private sector investors. In July 2014, the commitment was increased to a total of $38.75 million.

In May 2014, the Government of Ontario announced a new life sciences seed venture capital fund (LSSVCF) of up to $30 million. The Corporation will seek to establish the fund in partnership with hospital foundations and the private sector to help finance early-stage Ontario life sciences companies.

As required by the Agencies and Appointments Directive, the Corporation and the Minister have entered into a memorandum of understanding, which outlines the operational, administrative, financial and other relationships that exist between the Minister, MRI and the Corporation.

OCGC is classified as an Operational Enterprise Agency. OCGC is responsible for fulfilling the Province of Ontario's contractual obligations as a limited partner in the Ontario Venture Capital Fund LP (OVCF) and the Northleaf Venture Catalyst Fund LP (NVCF). OCGC is also responsible for establishing, holding, managing and administering the Ontario Emerging Technologies Fund (OETF).

OVCF is a joint initiative between the Province of Ontario and leading institutional investors. It is structured as a fund-of-funds that invests primarily in Ontario based and Ontario focused venture capital and growth funds, which, in turn, make investments in innovative, high growth companies. OVCF was established to provide investment funding to venture capital and growth equity managers capable of generating superior returns by investing in enterprises with a view to creating large, globally competitive companies.

OETF is structured as a direct co-investment fund that makes investments in innovative high potential companies alongside other qualified investors with a proven track record of success. OETF is an initiative of the Government of Ontario to invest in innovative high potential companies with an Ontario footprint in three strategic sectors: (a) clean technology; (b) digital media and information and communications technologies; and (c) life sciences and advanced health technologies.

NVCF is an initiative between the Government of Ontario, the federal government and private sector investors. It is structured as a fund-of-funds that invests primarily in Canadian venture capital and growth funds which, in turn, make investments in innovative, high potential companies. NVCF was established to continue the goals and objectives of OVCF; that is, generate risk adjusted returns by investing in enterprises to help create large, globally competitive companies.

OCGC claims exemption from federal and provincial income taxes under paragraph 149(1)(d) of the Income Tax Act (Canada). With the establishment of a Harmonized Sales Tax (HST), OCGC pays the HST on taxable supplies and services, and subsequently applies for a rebate of the HST paid.

OCGC operates in the same fiscal year ending March 31 as the Government of Ontario.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation's functional and presentation currency is the Canadian dollar. All financial statement disclosures have been prepared in accordance with Canadian public sector accounting standards (PSAS) established by the Canadian Public Sector Accounting Board. The more significant accounting policies of the Corporation are summarized below.

Cash and cash equivalents

Cash and cash equivalents include demand deposits that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents include investments that are short-term and highly liquid and have maturities of less than three months from the original purchase date.

Marketable securities

Marketable securities quoted in an active market are measured at fair value as at the dates of the statements of financial position with any unrealized gain or loss recognized on the statements of remeasurement gains and losses. Remeasurement gains and losses related to a particular investment are reclassified to the statements of operations and changes in accumulated operating surplus when that investment is settled. Fair value includes the value of accrued interest, as applicable.

Investments in marketable securities that are not traded in an active market are measured at cost. Impairment losses, which are other than temporary, are recognized in the statements of operations and changes in accumulated operating surplus when they occur.

Ontario Venture Capital Fund LP (OVCF)

The investment in OVCF is classified as a financial instrument and carried at cost based on the capital calls made by the general partner of OVCF. The investment in OVCF is not traded in an active market; therefore, the fair value of the investment is not readily determinable. OVCF investments are subsequently tested for impairment on each statement of financial position date and any losses due to impairment are recognized in the statement of operations and changes in accumulated operating surplus on that date.

Ontario Emerging Technologies Fund (OETF)

The investments in OETF are classified as financial instruments and carried at cost or measured at fair value based on whether or not there exists an active market for the securities. OETF investments quoted in an active market are measured at fair value as at the statements of financial position dates with any unrealized gain or loss recognized on the statements of

remeasurement gains and losses. Remeasurement gains and losses are reclassified to the statements of operations and changes in accumulated operating surplus when an investment becomes impaired or is derecognized. Impairment losses that are other than temporary are recorded to the statements of operations and changes in accumulated operating surplus when recognized. Fair value includes the value of accrued interest or dividends payable, as applicable.

When an OETF investment is not traded in an active market, it is measured at cost. OETF investments are tested for impairment on each statement of financial position date and any impairment losses are recognized in the statement of operations and changes in accumulated operating surplus on that date.

Accrued interest, dividends and realized gains on the sale of OETF investments are recorded as described below under revenue recognition. If the Corporation has evidence the amounts owing will be collected, these amounts are accrued as receivable; otherwise, a reserve is taken against these amounts. If, in a future year, the Corporation receives an amount that had been written off, it is recorded as a recovery that had been previously deemed uncollectible. Amounts written off or recovered are recognized in the statement of operations and changes in accumulated operating surplus in the year in which they occur.

Northleaf Venture Catalyst Fund LP (NVCF)
The investment in NVCF is classified as a financial instrument and carried at cost based on the capital calls made by the NVCF general partner. The investment in NVCF is not traded in an active market and therefore the fair value of the investment is not readily determinable. After an initial minimum five years to make commitments to underlying funds, the investment in NVCF will be subsequently tested for impairment on each statement of financial position date and any losses due to impairment will be recognized in the statement of operations and changes in accumulated operating surplus on that date.

Fair value and impairment
The Corporation's carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values due to the immediate or short-term nature of these financial instruments.

The fair values of investments in OVCF and NVCF are not readily determinable and have been recorded at cost. Both OVCF and NVCF do not have a quoted market price in an active market. Subject to an impairment assessment policy, the Corporation may carry out periodic testing of fund investments to determine whether there has been an other than temporary loss in value that would indicate impairment. If the investment is determined to be impaired, it is written down to the new carrying value and the resulting impairment loss is recognized immediately in the statements of operations and changes in accumulated operating surplus.

The co-investments made in OETF are recorded at cost, which represent fair value at the time of acquisition. Investments that are quoted in an active market are measured at fair value at the statements of financial position dates. Any unrealized gain or loss at these dates is recognized in the statements of remeasurement gains and losses until the investment is derecognized or other than temporarily impaired. All other OETF investments are measured at cost or amortized cost. As part of the reporting process to the Province of Ontario, the Corporation is required to carry out periodic valuations of OETF investments to determine whether there has been an other than temporary loss in value that would indicate impairment. If the investments are determined to be impaired, they are written down to the new carrying value and the impairment expense is recognized immediately in the statements of operations and changes in accumulated operating surplus. Furthermore, to the extent that a security held in OETF represents a compound financial instrument with an embedded derivative, such as an equity conversion option, the value of that derivative at acquisition should be measured at fair value unless that derivative is linked to and must be settled by delivery of unquoted equity instruments, in which case, the derivative would be required to be measured at cost. For derivatives classified to the fair value category, value is first determined by referencing a quoted price in an active market, or in the absence of this, by applying a suitable valuation technique.

Revenue recognition
Interest income is recognized as it is earned. For marketable securities and OETF investments, interest income is accrued using the effective interest rate method.

Dividend income is recognized in the year the Corporation becomes entitled to receive the dividend as per the terms and conditions of the share issuance.

Realized gains on the sale of OETF investments are recognized in the year the Corporation becomes entitled to receive the proceeds as per the terms and conditions of the respective disposition.

Revenue on distributions from OVCF and NVCF are recognized in the year the Corporation becomes entitled to receive the distribution as per the terms and conditions of the respective limited partnership agreement.

OETF and NVCF funding received represents monies transferred from MRI to the Corporation, as described in notes 7 and 8, respectively.

Expense categories
Cash management fees primarily represent fees paid to the Ontario Financing Authority (OFA) for cash management and related services.

Professional fees relate to fees paid to third party service providers.

Board and committee member expenses represent monies paid to board and committee members according to the Board and Committee Members Remuneration Policy, which conforms with the Agencies and Appointments Directive of Management Board of Cabinet (February 2015).

Reimbursements to MRI represent direct OECGC expenses paid by MRI on its behalf for administrative purposes only.

Foreign currency translation
Foreign currency gains and losses on monetary items are recognized immediately in the statements of operations and changes in accumulated operating surplus. Unrealized foreign currency gains and losses on marketable securities, investments in QVCT, investments in NWCF and OETF investments are recognized in the statements of remeasurement gains and losses. Unrealized foreign currency exchange gains and losses are reclassified from the statements of remeasurement gains and losses to the statements of operations and changes in accumulated operating surplus when the financial instrument is derecognized.

Measurement uncertainty
The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Such estimates are based on the best information available at the time of preparation of the financial statements and are periodically reviewed to reflect new information as it becomes available. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Corporation has exposure to credit risk, liquidity risk, currency risk, interest rate risk and other price risk arising from financial instruments. This note presents information about OECGC's exposure to each of these risks.

Credit risk

Credit risk arises from the potential a counterparty will fail to perform its obligations. The Corporation is currently exposed to credit risk through its holdings of convertible debt instruments in OETF.

The Corporation considers obligations of the Governments of Ontario and Canada to be relatively risk-free (note 5).

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in raising funds to meet both expected and unexpected cash demands associated with its financial liabilities. The Corporation manages liquidity risk by maintaining holdings of cash or highly liquid investments. In addition, MRI provides funding to the Corporation to meet obligations as required.

Currency risk

Currency risk is the risk to the Corporation's results of operations that arises from fluctuations of foreign currency exchange rates and the degree of volatility of these rates. The Corporation's exposure to foreign currency exchange risk is limited to holding US dollar cash and cash equivalents and holding OETF investments denominated in US dollars. OCGC does not hedge its US dollar exposure. The Corporation had a net exposure of $5,278,556 to the US dollar as at March 31, 2015 (2014 - $4,655,823). A 5% increase (5% decrease) of the Canadian dollar against the US dollar as at March 31, 2015 would result in an impact of $263,928 (2014 - $232,791) on the statements of remeasurement gains and losses with no impact on the operating surplus. In practice, the actual trading results may differ from this sensitivity analysis and the impact could be material.

Interest rate risk

Interest rate risk is the risk the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Corporation manages exposure through its normal operating and financing activities. The Corporation is exposed to interest rate risk primarily through its short-term marketable securities and OETF investments. Risks from interest rate fluctuations for marketable securities are minimal due to the investments being held for a term of three years or less to match the OVCF and NVCF drawdowns projected by the OVCF and NVCF fund manager. The impact of interest rate fluctuations on OETF investments are considered minimal as these instruments are primarily held for purposes of capital appreciation.

Other price risk

Other price risk is the risk the value of financial instruments will fluctuate as a result of changes in market prices or from factors specific to an individual investment. The maximum risk resulting from the financial instruments is equivalent to their fair value. The marketable securities consist of treasury bills that are not subject to significant price risk. As at March 31, 2015, if the value of the investments in OVCF, NVCF and OETF had increased or decreased by 5% and all other variables held constant, the value of the investments would have changed by $6,813,715 (2014 - $5,274,044). Investments made through OVCF, NVCF or in OETF are highly illiquid, do not have a readily determinable market price, and are generally in early stage companies where the ultimate value that may be realized by OCGC on eventual disposition is inherently unpredictable.

Returns on these investments will depend on factors specific to each company (such as financial performance, product viability and quality of management), and external forces (such as the economic environment and technological progress by competitors). The carrying value of the OETF portfolio is measured at cost less changes for any other than temporary impairment in value at the statement of financial position date, however, the amounts that may ultimately be realized could be materially different.

4. ACCOUNTS RECEIVABLE

As a Schedule A provincial agency, OCGC is required to follow the pay and rebate model with respect to HST applied to direct purchases. The Corporation pays the HST on its purchases and, subsequently, files a monthly rebate claim with the Canada Revenue Agency for the HST paid. HST rebates receivable as at March 31, 2015 amounted to $15,077 (2014 - $13,681).

Realized gains on the sale of OETF investments are recognized in the year the Corporation becomes entitled to receive the proceeds as per the terms and conditions of the respective dispositions. There were no receivables as a result of dispositions of OETF investments made in 2015 (2014 - $3,132,152).

The remaining balance as at March 31, 2015 in the amount of $10,000,000 represents a receivable from the Province of Ontario in the Life Sciences Seed Venture Capital Fund (LSSVCF), as described in note 14 (2014 – $nil).

5. MARKETABLE SECURITIES

OCGC may temporarily invest any monies not immediately required to carry out its objectives in:

a) debt obligations of or guaranteed by the Government of Canada or a province of Canada; or

b) interest bearing accounts and short-term certificates of deposit issued or guaranteed by a chartered bank, trust company, credit union or caisse populaire.

The value of investments in marketable securities as at March 31 is as follows:

	2015		2014	
	Par value	**Fair value**	Par value	Fair value
	$	**$**	$	$
Province of Ontario treasury bills, due dates ranging from April 1, 2015 to June 22, 2016, average coupon rate of 0.00%	**74,325,000**	**74,111,483**	53,230,000	52,666,610
Province of Ontario treasury bills, due date August 16, 2015, average coupon rate of 0.00%	**18,577,000**	**18,525,170**	61,052,000	60,520,557
	92,902,000	**92,636,653**	114,282,000	113,187,167

Fair value includes any accrued interest owing on the treasury bills.

The fair value of the marketable securities may fluctuate depending on changes in interest rates. For the year ended March 31, 2015, a change in interest rates of 1.0% would result in an impact of $1.1 million (2014 - $1.3 million) to the results of operations.

6. ONTARIO VENTURE CAPITAL FUND LP (OVCF)

In June 2008, the OVCF was established with an investment commitment from the Province of Ontario of $90 million. OVCF is a $205 million joint initiative of the Government of Ontario and private institutional investors, formed to invest primarily in Ontario based and Ontario focused venture capital and growth equity funds that support innovative, high potential companies.

The investment in OVCF is carried at cost, based on the capital calls made by the general partner of OVCF. OVCF is not traded in an active market and the fair value of the investment is not readily determinable.

7. ONTARIO EMERGING TECHNOLOGIES FUND (OETF)

OETF was launched in July 2009 with a commitment from the Province of Ontario to provide funding of $250 million. OETF, as a direct co-investment fund, makes investments into innovative high potential companies alongside other qualified investors with a proven track record of success. Investments are in three strategic sectors: (a) clean technology; (b) digital media and information and communication technologies; and (c) life sciences and advanced health technologies.

On May 30, 2012, the Corporation implemented a pause on any new investments under OETF for an indefinite period of time. This decision did not affect the Corporation's ability to continue to make follow-on investments into existing portfolio companies and did not affect investments-in-process that had already been approved by OCGC's Board of Directors but had not yet closed.

For the year ended March 31, 2015, the aggregate OETF transfer payments received from MRI were $8,000,000 (2014 - $14,996,703).

8. NORTHLEAF VENTURE CATALYST FUND LP (NVCF)

On March 27, 2013, MRI entered into a transfer payment agreement with OCGC to invest in a new Ontario venture capital fund subsequently named the Northleaf Venture Catalyst Fund. To be structured as a limited partnership, the proposed target size of the fund is $300 million with capital commitments from the Government of Ontario, Government of Canada and the private sector. The Government of Ontario provided its entire funding obligation of $50 million to the Corporation in advance of the establishment of the NVCF limited partnership in January 2014.

In July 2014, OCGC increased its initial commitment from $36.25 million to a total amount of $38.75 million. Subsequent to the year ended March 31, 2015, OCGC increased its investment commitment to a total amount of $44 million. The investment in NVCF is carried at cost, based on the capital calls net of any return of recallable capital made by the NVCF general partner. As NVCF is not traded in an active market, the fair value of the investment in not readily determinable.

9. CONTRACTUAL COMMITMENTS

OCGC has the following contractual commitments:

a) In accordance with a financial service agreement between the OFA and OCGC, OFA conducts investment and cash management services and activities for OCGC. OFA is the agency of the Province of Ontario responsible for providing financial and centralized cash management services for the government. OCGC pays OFA a fee for these services based on assets under management and reimburses for other related activities on a cost recovery basis.

b) Pursuant to the OVCF limited partnership agreement, OCGC is committed to making capital contributions on notice of capital calls. As at March 31, 2015, the total uncalled commitment is $34,624,051 to be drawn down over the remaining years of the limited partnership.

c) In accordance with the contract between Ernst & Young LLP (E&Y) and OCGC, E&Y conducts due diligence services and activities to qualify OETF co-investors. OCGC pays both fixed and hourly rates for these services and activities, respectively.

d) In accordance with the contract between Covington Capital Corporation (Covington) and OCGC, Covington conducts services and activities to qualify, monitor, and exit OETF's investments. OCGC pays both fixed and hourly rates for these services and activities, respectively.

e) In accordance with the contract between CanCn Accounting & Tax Inc. (CanCn) and OCGC, CanCn performs accounting functions relating to the operations of OCGC. OCGC pays an hourly rate for these services.

f) Pursuant to the NVCF limited partnership agreement, OCGC is committed to making capital contributions on notice of capital calls. As at March 31, 2015, the total uncalled commitment is $21,010,602 to be drawn down over the remaining years of the limited partnership.

10. INVESTMENTS IN OETF

Investments in OETF can take the form of shares or convertible debt transacted in Canadian dollars (CAD) or US dollars (USD). The investments in OETF as at March 31, 2015 and 2014 are summarized as follows:

	2015			2014		
	Acquisition cost $	**Carrying value $**	**Contingent $ ***	Acquisition cost $	Carrying value $	Contingent $ *
CAD investments	**65,106,802**	**58,759,822**	**350,000**	54,685,216	54,420,179	4,225,000
USD investments	**5,893,925**	**4,728,640**	**422,200**	10,215,766	4,655,823	-
	71,000,727	**63,488,462**	**772,200**	64,900,982	59,076,002	4,225,000

* Represents follow-up on investments committed to by the Corporation but not yet executed.

All investments have been made in accordance with OETF guidelines. As at March 31, 2015, the OETF investment portfolio consisted of investments in 20 different companies, ranging from 0.21% to 4.56% of net assets. The percentage calculations exclude impaired investments in companies with a nominal or $nil carrying value.

11. INCOME ON INVESTMENT IN FUNDS

During the years ended March 31, 2015 and 2014, the Corporation recognized $79,522 and $1,182, respectively, of investment income in funds. With respect to investments in OETF, the accrued interest realized was reinvested into new securities of the respective OETF portfolio companies as part of the exchange or conversion and is reflected in the cost basis of these securities.

12. IMPAIRMENT OF OETF INVESTMENTS

For the years ended March 31, 2015 and 2014, impairment charges of $6,160,906 and $2,652,198, respectively, OETF investments were identified by management and were recognized in the statements of operations and changes in accumulated operating surplus.

13. ACCOUNTS PAYABLE

The Corporation and MRI carry out their respective operations on a shared cost basis. The Corporation reimburses MRI for certain expenses incurred on its behalf. These expenses may include but are not limited to staff salaries, benefits, information technology and rent allocations per staff member, external legal services, website development, French language translation, and other services.

Recognition and measurement of any reimbursement is subject to annual reconciliation between the Corporation and MRI, and approval of the extent and scope of MRI services to be provided. For each fiscal year ending March 31, the Corporation will seek certification from MRI that any further potential financial liability with respect to eligible expenses incurred on behalf of the Corporation is fully satisfied without further recourse.

The Corporation accrues eligible expenses reimbursable to MRI under accounts payable based on estimates provided by MRI that can be independently verified by the Corporation. Reimbursement payable in arrears as at March 31, 2015 amounted to $136,196 (2014 - $119,931).

The remaining balance as at March 31, 2015 in the amount of $145,132 (2014 - $192,569) represents payables in arrears to miscellaneous service providers.

14. LIFE SCIENCES SEED VENTURE CAPITAL FUND (LSSVCF)

On March 27, 2015, MRI entered into the LSSVCF transfer payment agreement with OCGC to establish and invest in a new Ontario life sciences seed venture capital fund. The size of the proposed fund is up to $30 million with capital commitments from the Government of Ontario, hospital foundations and the private sector.

For the year ended March 31, 2015, the Corporation met the terms and conditions of the LSSVCF transfer payment agreement for MRI to disburse the entire $10 million funding obligation, which was subsequently received after year-end (2014 - $nil).

CORPORATE GOVERNANCE

OVERVIEW

OCGC is an agent of the Crown and is classified by Management Board of Cabinet as an operational enterprise agency of the Ministry of Research and Innovation (the Ministry).

Corporate governance involves processes that permit the effective supervision and management of OCGC's activities by senior management, the Board of Directors and the Minister of Research and Innovation (the Minister). It includes identifying individuals and groups responsible for activities and specifying their roles.

ACCOUNTABILITY AND RESPONSIBILITIES

OCGC's accountability structure flows from its governing statute, the *Ontario Capital Growth Corporation Act, 2008* (the Act). The Minister is responsible for the administration of the Act with respect to OCGC. The Act, together with directives issued by Management Board of Cabinet, the Minister and the Public Service Commission relating to Crown agencies, form a framework under which OCGC is governed. Each year, the Minister is required to submit the Annual Report to the Lieutenant Governor in Council and then table the report in the Legislature. In addition, the Minister reviews and approves OCGC's annual business plan. The Minister also maintains communications with OCGC, through its Chair, regarding government policies and expectations relevant to OCGC.

The Chair is accountable to the Minister for the performance of OCGC in fulfilling its mandate. The Chair is responsible for providing advice and information to the Minister with regard to the operation and affairs of OCGC. In addition, the Chair provides leadership and direction to the Board and the President and Chief Executive Officer (CEO), and ensures that OCGC complies with applicable government policies and directives. The Deputy Minister of the Ministry ensures organizational capacity in the Ministry to monitor OCGC, and ensuring it manages its risks appropriately.

The Board is appointed by the Lieutenant Governor in Council and reports to the Minister through the Chair. The Board performs a supervisory role. It oversees the management of OCGC and helps to ensure that OCGC's mandate, as determined by the Province, is implemented effectively. The Board is comprised of both public servants employed by the Crown and independent directors. The Board meets at least quarterly and receives regular reports from the CEO and OCGC staff

concerning the operations of OCGC and its compliance with applicable laws and policies. Standards of conduct for Board members are set out in a Board approved Code of Conduct.

There are also two committees of the Board to assist it in supervising the management of OCGC. The Audit & Risk Committee approves an annual audit plan prepared by OCGC's independent external auditors and liaises as appropriate with OCGC's internal auditors and the Auditor General of Ontario regarding financial reporting and internal controls.

The Audit & Risk Committee also reviews financial policies and financial statements and recommends them to the Board. Another function of the Audit & Risk Committee is to review OCGC's major risks and mitigation strategies. The Human Resource Committee assists the Board in ensuring appropriate measures are in place relating to compensation, performance evaluation, and training for staff in critical areas.

The CEO is accountable to the Board, including the Chair, for the day-to-day management of OCGC and for the performance of any functions assigned by the Board. The CEO is responsible for managing the on-going activities of OCGC, including the supervision of staff. In addition, the CEO ensures that OCGC's policies and procedures remain relevant and effective.

FINANCIAL REPORTING REQUIREMENTS

OCGC prepares audited annual financial statements in accordance with the Canadian Public Sector Accounting Board Standards (PSAB) of the Chartered Professional Accountants of Canada. The financial statements are reviewed and recommended by the Audit & Risk Committee and approved by the Board. The annual financial statements are audited by OCGC's independent external auditor who expresses an opinion on whether they present the financial results fairly and in accordance with Canadian Public Sector Accounting Standards. The findings are reviewed by the Audit & Risk Committee and the Board. These audited financial statements are tabled in the Ontario Legislature as part of the Annual Report and are included as a schedule to the Public Accounts of the Province. Unaudited financial statements are prepared quarterly and presented to the Audit & Risk Committee and the Board.

INTERNAL CONTROLS

Management is responsible for establishing and maintaining internal controls to provide reasonable assurance regarding the reliability of financial reporting, to safeguard OCGC's assets and to manage its liabilities.

In meeting its responsibility for the reliability and timeliness of financial information, OCGC uses a comprehensive system of internal controls, including organizational and procedural controls. The system of internal controls includes:

- Comprehensive business planning;
- Written communications of policies and procedures governing corporate conduct and risk management;
- Segregation of duties;
- Maintenance and retention of detailed records;
- Responsible delegation of authority and personal accountability;
- Careful selection and training of personnel; and
- Maintenance of updated accounting and financial risk policies.

OCGC will continue to evolve its internal controls to ensure they reflect leading industry practices and relevant government directives.

OPERATIONS

In keeping with the original OCGC model and to support its mandate, OCGC remains a small agency with a limited staff involved in operations, governance, financial controls and investments, and supported by a limited number of external service providers having specialized investment knowledge in fund evaluation, direct co-investment and fund-of-fund investments, as well as audit and bookkeeping.

MEMBERS OF THE BOARD OF DIRECTORS

JEFF KEHOE

Chair, OCGC Board of Directors
Date of Initial Appointment to OCGC Board of Directors: July 2014
End of Current Term: July 2017

Jeff Kehoe is currently with Difference Capital Inc. and was Managing Partner and General Counsel until April 2014. He has over a decade of experience overseeing the Canadian Capital Markets as Director and Vice-President of Enforcement at the Investment Industry Regulatory Organization of Canada (IIROC).

Prior to IIROC, he served as a Crown Attorney and Department of Justice Crown Counsel. Mr. Kehoe has a Bachelor of Laws degree from the University of Windsor, a Juris Doctor degree from the University of Detroit Mercy, a Master of Laws degree specializing in securities law from Osgoode Hall Law School, a Certified Regulatory and Compliance Professional certificate from Wharton University of Pennsylvania and has received securities regulation training from Harvard. He currently serves on both private and public boards including charitable non-profit organizations. He recently completed the Rotman Institute Corporate Directors program (ICD. D).

In 2012, he received the Queen's Diamond Jubilee Medal for contributions to Canada and was a member of the Justices of the Peace Appointments Advisory Council in Ontario. Mr. Kehoe is Chair of the Ontario Capital Growth Corporation and a member of Ontario Place Corporation.

GADI MAYMAN

Vice-Chair, OCGC Board of Directors
Date of Initial Appointment to OCGC Board of Directors: February 2009
End of Current Term: January 2017

As CEO of the Ontario Financing Authority (OFA), Gadi Mayman is responsible for the Province's borrowing and debt management strategy, corporate and electricity finance projects, and its banking and capital markets relationships. He is also CEO and Vice-Chair of the Ontario Electricity Finance Corporation (OEFC).

Prior to joining the Ontario Ministry of Finance, Mr. Mayman worked at the Export Development Corporation in Ottawa and in the International Division of the TD Bank. Mr. Mayman earned a Bachelor of Applied Science in Industrial Engineering from the University of Toronto in 1981, and a Master of Business Administration from the University of Western Ontario in 1988.

Mr. Mayman is also on the board of Infrastructure Ontario, and is Co-Chair of the Joint Nuclear Funds Investment Committee, a joint OFA and Ontario Power Generation Committee.

TONY LAMANTIA

Date of Initial Appointment to OCGC Board of Directors: January 2014
End of Current Term: January 2017

Tony LaMantia is the Assistant Deputy Minister, Investment & Industry Division, Ontario Ministry of Economic Development, Trade and Employment/Ministry of Research and Innovation.

Mr. LaMantia has helped lead the Ministry in both attracting investment to the Province and working with industry and regional stakeholders to grow existing anchor companies. Tony held responsibility for the Eastern Ontario Development Fund and the new Southwestern Ontario Development Fund, which support local businesses in Ontario.

Mr. LaMantia's private sector experience includes executive-level roles with innovative, growth-oriented companies in the technology and mining sectors. Mr. LaMantia holds an Honours B.A. from the University of Waterloo, Ontario.

ANNIE ROPAR

Date of Initial Appointment to OCGC Board of Directors: April 2014
End of Current Term: April 2017

Annie Ropar is Chief Financial Officer at Aequitas Innovations Inc., a new stock exchange in Canada launched in March 2015. Prior to joining Aequitas, she was Managing Director, Business Manager of Global Equities at RBC Capital Markets and a Partner of RBC Capital Partners.

Ms. Ropar's past community involvement includes serving as a member of the Wellspring Cancer Support Foundation Emerging Leaders Committee, an honorary Chair for Team RBC for the Princess Margaret Foundation Weekend to End Women's Cancer and a member of the Schulich School of Business Career Development Centre Advisory Council.

She holds a Bachelor of Business Management degree (with honours) from Ryerson University, is a Chartered Professional Accountant and also holds a U.S. CPA designation.

TONY ROCKINGHAM

Date of Initial Appointment to OCGC Board of Directors: February 2008
End of Current Term: March 2017

Tony Rockingham was the Assistant Deputy Minister of the Innovation and Commercialization Division at the Ontario Ministry of Research and Innovation until his retirement in September 2011.

Previously, Mr. Rockingham occupied senior positions at the Ministries of Energy and Environment. In his early career, Mr. Rockingham worked in the British electrical power industry.

Mr. Rockingham earned a Bachelor's degree in Industrial Engineering at the University of Toronto in 1975 and a Ph.D. in Mechanical Engineering from the Imperial College of Science and Technology in London, England in 1981.

DIRECTORS WHOSE TERM ENDED DURING 2014-15

Tony Vander Voet
Appointment expired: June 2014

BOARD REMUNERATION

The total remuneration paid to board members in fiscal 2014-15 was $10,925.

RISK MANAGEMENT POLICIES AND PROCEDURES

As part of its annual business plan, OEGC conducts an overall assessment of corporate-wide risks and develops appropriate mitigation strategies. OEGC's risk management plan is based on the requirements contained in the *Agencies & Appointments Directive*.[1] The risk management plan considers the management of both internal and external risk exposures. The framework for OEGC's risk management plan, includes, but is not limited to the following risks:

- financial risk;
- human resources risk;
- Operational risk;, and
- Strategic risk.

In addition to OEGC's Annual Business Plan, a full risk assessment is completed semi-annually at a minimum and provided to the Board. The Board is also informed of real or potential exposure to risk through regular updates by the CEO.

[1] Effective February 2015 and may be amended from time to time.

OUTLOOK FOR FISCAL 2015-16

Based on OCGC's strategy and mandate, a number of priorities have been identified for the 2015-16 fiscal year:

- Undertake a strategic review of OCGC's future plans and direction for the next 5-10 years, which may include a review of OCGC's corporate governance;
- Continue to manage the OETF investment portfolio;
- Administer the Province's partnership interests in OVCF and NVCF; and
- Continue to support the development of Ontario's venture capital ecosystem and the implementation of the Province's venture capital policies.

CONTACT INFORMATION

For general inquiries and information, please contact OCGC at:

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375 University Avenue, Suite 700
Toronto, Ontario, Canada
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